

Message Text

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16

ACTION EB-07

INFO OCT-01 ARA-06 IO-13 ISO-00 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 FEA-01

AF-08 EA-07 EUR-12 NEA-10 AGRE-00 /137 W

----- 000673

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FM USMISSION GENEVA

TO SECSTATE WASHDC 2459

INFO AMEMBASSY BUENOS AIRES

AMEMBASSY LIMA

AMEMBASSY SANTIAGO

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PASS AGRICULTURE

E.O. 11652: NA

TAGS: GATT, ETRD

SUBJECT: GATT COUNCIL SEPTEMBER 17

REF: STATE 227056

FOLLOWING REPORTS ACTIONS TAKEN AT SEPTEMBER 17 GATT COUNCIL.
WASHINGTON ACTION IS REQUIRED FOR ITEM IN PARA 3 BELOW.

1. NFDI PANEL. GENEVA 7290.

2. ITALIAN DEPOSIT SYSTEM. GENEVA 7296.

3. EC-MAGHREB AGREEMENTS. COUNCIL ESTABLISHED THREE SEPARATE WPS WITH STANDARD TERMS OF REFERENCE: TO EXAMINE AGREEMENTS IN LIGHT OF RELEVANT PROVISIONS OF GATT.

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CHAIRMAN OF ALL THREE WPS: SANDILYA OF INDIA. WASHING-

TON ACTION REQUIRED: QUESTIONS FROM CPS ARE DUE BY OCTOBER 31.

4. EC PROPOSED TAX ON FATS AND OILS. PERU, REFERRING TO ITS AIDE MEMOIRE TO THE EC OF JULY 6, 1976 (SEE GATT

L/4389), SAID 86 PERCENT OF ITS FATS AND OIL EXPORTS GO TO EC AND THEREFORE PROPOSED TAX WOULD HAVE PROFOUND IMPACT ON PRICES AND PRODUCTION IN PERU. PERU SAID PROPOSED TAX IS NOT ONLY INCOMPATIBLE WITH GATT BUT CONTRARY TO TOKYO DECLARATION'S PROVISIONS FOR TREATMENT OF LDCS; ACKNOWLEDGES THAT TAX IS MERELY PROPOSAL BUT SAID GATT COUNCIL SHOULD NEVERTHELESS EXAMINE MATTER BECUASE OF ITS GREAT IMPORTANCE.

5. ARGENTINA SAID \$120 MILLION OF ITS EXPORT WOULD BE AFFECTED BY THIS TAX, WHICH MUST BE VIEWED IN GENERAL CONTEXT OF THE CAP. SIAD TAX PROPOSAL STEMS FROM DIFFICULTIES COMMUNITY IS EXPERIENCING IN DAIRY SECTOR, WHICH THEY TRYING TO SHIFT TO OTHER PRODUCT SECTORS; LIKE OTHER CAP MEASURES, THIS ONE WOULD BE DIFFICULT TO CHANGE ONCE ADOPTED. CANADA EXPRESSED CONCERN ABOUT EROSION OF GATT BINDINGS WHICH WOULD RESULT FROM ADOPTION OF PROPOSED TAX AND HOPED EC WOULD RECONSIDER.

6. BRAZIL REPROACHED EC FOR EXPORTING ITS INTERNAL DAIRY PROBLEMS TO THIRD COUNTRIES. PHILIPPINES SAID THEIR COCONUT OIL EXPORTS TO THE EC NOW BENEFIT FROM A 5 PERCENT MFN DUTY AND 2 PERCENT GSP DUTY RATE AND NEW TAX WOULD, IF IMPLEMENTED, AGGRAVATE PHILIPPINES'S BALANCE OF PAYMENTS. NOREOVER, AT THIS STAGE OF THE MTN, PROPOSAL MUST BE CONSIDERED AS A STEP BACKWARD, AGAINST INTERESTS OF LDCS. CHILE, URUGUAY, COLUMBIA, AND NORWAY ALL JOINED IN CRITICISM OF PROPOSED TAX AND ASKED THE COMMUNITY NOT TO IMPLEMENT.

7. U.S. STRONGLY SUPPORTED OTHER DELEGATIONS' VIEWS, LIMITED OFFICIAL USE

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EXPRESSED HOPE THAT EC WILL NOT IMPLEMENT IT, AND REITERATED THAT WE WOULD MOVE IMMEDIATELY AND FIRMLY TO DEFEND OUR INTERESTS IN THIS MATTER. U.S. ALSO SUGGESTED THAT EC DEL REPORT ALL THE STATEMENTS MADE IN GATT COUNCIL TO HIS AUTHORITIES IN BRUSSELS IN VIEW OF AREPORTED DECLARATION BY A COMMUNITY SPOKESMAN THAT ONLY U.S. HAS BEEN COMPLAINING ABOUT PROPOSED TAX.

8. EC DEL SAID IT NOT CUSTOMARY FOR GATT COUNCIL TO DISCUSS OR EXAMINE LEGISLATIVE PROPOSALS BUT PROMISED REPORT ALL STATEMENTS MADE ON THIS SUBJECT TO HIS AUTHORTIES.

9. EC MALT EXPORT SUBSIDIES. CHILE COMPLAINED THAT HEAVILY SUBSIDIZED EC MALT EXPORTS DISPLACE THEIR TRADITIONAL MALT EXPORTS IN LATIN AMERICA. GIVEN EC'S DOMESTIC PRICES, EC BARLEY C.E.F. VALPARAISO COULD NOT BE SOLD BELOW \$290/MT BUT HAS BEEN OFFERED AT \$165/MT (SEE GATT L/4392). CHILE ASKED COUNCIL TAKE ACCOUNT OF EC'S ACTION PRITICULARLY IN LIGHT OF ARTICLES XVI, XXIII, AND IN LIGHT OF PART IV OF GATT. ARGENTINA SUPPORTED CHILE, POINTING OUT THAT EC OBVIOUSLY HAS INTENTION OF CONTINUING ITS POLICY OF HEAVILY SUBSIDIZING MALT EXPORTS; THEREFORE ASKED COUNCIL MEMBERS TO STUDY EC'S EXPORT POLICY FOR MALT WHICH AFFECTS NOT ONLY LDCS BUT ALSO DEVELOPED COUNTRIES. PERU AND URUGUAY SUPPORTED.

10. EC SAID FOLLOWING BILATERAL CONSULTATIONS WITH LATIN AMERICAN COUNTRIES LAST JUNE, EC HAD MODIFIED SYSTEM OF EXPORT CERTIFICATES FOR MALT TO AVOID ABUSES. IT ALSO HAS SUBSTANTIALLY REDUCED EXPORT SUBSIDIES. MOREOVER, SUBSIDIZED MALT EXPORTS NOT AS LARGE AS SEEMS TO BE INDICATED BY EXPORT CERTIFICATES BECAUSE NOT ALL CERTIFICATES HAVE BEEN UTILIZED. EC DEL DOUBTED CHILE'S EXPORT CAPACITY OF MALTED BARLEY EXCEEDED 10,000 MT BUT SAID ISSUE REQUIRES MORE MINUTE EXAMINATION BEFORE DRAWING ANY CONCLUSIONS.

11. U.S. NOTED IT ALSO HAS PROBLEMS WITH EC EXPORT LIMITED OFFICIAL USE

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SUBSIDIES FOR MALT AND WHEAT FLOUR AND SAID WE LOOKING TOWARD ART. XXII:1 CONSULTATIONS WITH EC.

12. EC MEAT POLICY. ARGENTINA COMPLAINED ABOUT RECENT EC MEASURES TO REPLACE DAIRY CATTLE BY BEEF CATTLE (SEE L/4393); SAID THIS IS STILL ANOTHER MEANS OF CONTRIBUTING TO EC BEEF SURPLUSES. URUGUAY, BRAZIL, AND AUSTRALIA SUPPORTED. EC SAID MEASURES TAKEN IN THE BEEF SECTOR REFLECTED THE SPECIAL CHARACTERISTICS OF AGRICULTURE. RECENT INCREASE IN BEEF SURPLUSES IS TEMPORARY (DUE TO DROUGHT) AND EC IS LOOKING FORWARD TO RETURN TO "NORMALCY" BY 1977.

13. GREEK MEAT POLICY. AUSTRALIA SAID GREECE EMBARGOED IMPORTS OF FROZEN AND CHILLED MEAT AS OF AUGUST

1, 1976, INQUIRED WHY GREECE HAD NOT NOTIFIED GATT;
ASKED WHICH GATT ARTICLE COVERED THESE RESTRICTIONS
AND WHETHER GREECE COULD GIVE ASSURANCES THAT RESTRIC-
TIONS WILL BE NONDISCRIMINATORY. GREEK DEL SAID
RESTRICTIONS SIMILAR TO THOSE NOTIFIED IN GATT ON
SEPTEMBER 30, 1975, AND ARE TEMPORARY AND IN LINE
WITH GATT ARTICLE XI.

14. SOUTH AFRICAN RESTRICTIONS. GENEVA 7301.CATTO

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